GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5204
ANSWERED ON:11.05.2007
RURAL CREDIT
Mondal Shri Abu Ayes

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has enhanced rural credit during; the last three years in the country;

(b) if so, the details thereof; and

(c) the action taken to cover mass farmers through financial institutions to ease the burden of de bt and high interest rate on private farm Joans?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b: Yes, Sir. The Government has enhanced rural credit during the last three years. Agency-`vise Credit Flow to Agriculture for the last few years is as under: -

(Rs. in Crore)

Agency	200304	2004-03	2005-06	2006-07#
Commercial Banks	52,441	81,481	1,25,477	1,21,729
Co-operatives Banks	26,875	31,231	39,404	38,719
Regional Rural Banks	7,581	12,404	15,223	17,999
Others	84	193	382	
Total	86,981	1,23,309	1,80,486	1,78,447
Growth Rate	25%	44%	44%	

Upto February 2007

(c) : As against the target of financing 50 lakh new farmers during 2006-07, 64.78 lakh new farmers have been financed by the Public and Private Sector Commercial Banks and Regional Rural Hanks. Further, to reduce the burden of interest on Crop Loans availed by farmers for Kharif and Rabi 2005-06, an amount equal to two percentage points of the borrower`s liability on the principal amount upto Rs. 1,00,000/- was credited to their account. Thereafter, from Kharif 2006, to ensure that the farmer receives Short-Tenn Production Credit at 7% with an upper limit of Rs.3 lakh on the principal amount, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks(RRBs) and Cooperative Banks on their lending from their own resources and refinance at concessional rates to cooperative banks and RRBs on their borrowings from NABARD.